Environmental Cooperative Agreement
Between
Wisconsin Electric Power Company (doing business as We Energies)
and
Wisconsin Department of Natural Resources

IN WITNESS WHEREOF, the parties by their signatures shall cause this agreement to be executed on the date specified.

Signed for and on behalf of: STATE OF WISCONSIN
DEPARTMENT OF NATURAL RESOURCES

By: **/s/ Scott Hassett** Date: **2/3/06**

Scott Hassett
Secretary

Signed for and on behalf of: WISCONSIN ELECTRIC POWER COMPANY

By: **/s/ Patrick A. Stiff** Date: **02/03/06**

Patrick A. Stiff
Asset Manager – Pleasant Prairie Power Plant

Environmental Cooperative Agreement
between
Wisconsin Electric Power Company
and
Wisconsin Department of Natural Resources

This agreement is being entered into, pursuant to sec. 299.80 Wisconsin Statutes and represents the conditions negotiated and agreed upon by Wisconsin Department of Natural Resources (WDNR) and Wisconsin Electric Power Company (the Company, doing business as We Energies), for the purpose of providing an alternative method for the regulation of environmental impacts from Wisconsin Electric Power Company's Pleasant Prairie Power Plant.

This Agreement is a renewal of the Environmental Cooperative Agreement that was initially entered into by the parties on February 5, 2001 for an additional five years in accordance with the enabling legislation.

FOR AND IN CONSIDERATION of the terms and conditions contained in this agreement, WDNR and the Company set forth the following:

I. FACILITY INFORMATION:

Pleasant Prairie Power Plant
8000 95th Street
Pleasant Prairie, WI 53158

Plant Management Contact:
Mr. Patrick Stiff, Asset Manager
(414) 947-5322
(414) 947-5608 fax
Pat.Stiff@we-energies.com
Web Page: www.we-energies.com

The Pleasant Prairie Power Plant is the largest electric generating plant in Wisconsin. The facility occupies approximately 425 acres of land in the Village of Pleasant Prairie, five miles west of Lake Michigan in Kenosha County. The plant consists of two nominally rated 615 MW units, each consisting of a boiler, turbine and electric generator. It is Wisconsin Electric's main baseload plant, operating 24 hours per day throughout the year with the exception of maintenance outages that are typically scheduled once every 12 to 24 months.

The plant burns low-sulfur pulverized coal delivered to the plant from the Powder River Basin in Wyoming via unit trains. At maximum load the plant may burn 800 tons of coal per hour. Coal delivered to the plant is stored in an outdoor coal pile having a maximum capacity of 1.4 million tons. The plant also uses natural gas and No. 2 fuel oil during initial start-up of the boilers when they have been out of service and as a supplemental fuel.

Exhaust gases from the boilers are routed through electrostatic precipitators that remove more than 99.79 percent of the fly ash. Heavier bottom ash is collected at the base of the boiler with a separate ash system. All ash generated by the plant is used commercially. After passing through the air pollution control systems, the exhaust gases are routed to a common 450-foot chimney.

Emissions to the air include nitrogen oxides, particulate matter, sulfur dioxide, carbon monoxide, and volatile organic compounds. The Company is making significant investments in air pollution control system upgrades to reduce emissions of nitrogen oxides, sulfur dioxide, and particulate matter. An initial $80 million investment occurred in 2002 with the installation of a Selective Catalytic Reactor (SCR) in Unit 2. This SCR reduced nitrogen oxides (NOx) emissions from Unit 2 by approximately 85-90 percent. Beginning in 2004, a $325 million project was initiated to install a second SCR on Unit 1, and construct two flue gas desulfurization (FGD) (or scrubber) units to reduce sulfur dioxide emissions. When completed, the FGDs will reduce sulfur dioxide emissions by 90-95 percent. To accommodate the additional air pollution control systems, a new 450-foot tall chimney structure has also been constructed east of the existing chimney. The existing chimney will be removed in 2008. The entire pollution control project will be completed by the end of 2007. Pleasant Prairie Power Plant is the first power plant in Wisconsin to install SCR and FGD systems.

Exhaust steam from the turbines is routed through cooling condensers before being re-injected into the boiler. To get rid of this unrecoverable heat, a maximum of 400,000 gallons of water per minute are pumped through each of the two circular cooling towers located north of the plant. Each of these mechanical draft towers is 300 feet in diameter and 75 feet tall, and contains tens of thousands of small deflectors that break up the water into very fine droplets that dissipate unrecoverable heat to the atmosphere. The most obvious reminder of the plant's presence (especially on a cold day) is the water vapor plume rising from the cooling towers. Makeup water for the evaporation losses is pumped from Lake Michigan at the rate of 3,000-4,000 gallons per minute for each cooling tower.

About 3.75 million gallons per day of wastewater, primarily cooling tower blowdown water, is discharged into Lake Michigan through a five-mile pipeline. The circulating cooling water system releases water (blowdown) to prevent the buildup of dissolved solids, and adds new lake water (make-up) to compensate for the blowdown and evaporative loses. Combined with the cooling tower blowdown are other wastewater sources consisting of low volume wastewater, coal pile runoff, and metal cleaning wastewater. These three wastewater sources are stored in separate retention basins and are then routed to the wastewater treatment system for solids and metals removal. In addition, there is an outfall for a deicing line for the water intake system, and an infrequently used overflow outfall for the coal pile runoff retention basin, which discharges to Jerome Creek.

II. DEFINITIONS. The following definitions are applicable to this agreement:

a. "Approval" means a permit, license or other approval issued by the department under chapters 280 to 295 Wis. Stats.
b. "Cooperative agreement" means an agreement entered into under section 299.80(6), Wis. Stats.
c. "Environmental management system" means an organized set of procedures implemented by the owner or operator of a facility to evaluate the environmental performance of the facility and to achieve measurable or noticeable improvements in that environmental performance through planning and changes in the facility's operations.
d. "Environmental performance" means the effects whether regulated under chapters 280 to 295 Wis. Stats. or unregulated, of a facility on air, water, land, natural resources and human health.
e. "Facility" means all buildings, equipment and structures located on a single parcel or on adjacent parcels that are owned or operated by the same person.
f. "Interested person" means a person who is or may be affected by the activities at a facility that is covered or proposed to be covered by a cooperative agreement or a representative of such a person.
g. "Performance evaluation" means a systematic, documented and objective review conducted by or on behalf of the owner or operator of the facility, of the environmental performance of the facility, including an evaluation of compliance with the cooperative agreement covering the facility, approvals that are not

replaced by the cooperative agreement and the provision of chapters 280 to 295 Wis. Stats. and rules promulgated under those chapters for which a variance is not granted.
h. "Pollutant" means any of the following: any dredged spoil, solid waste, incinerator residue, sewage, garbage, refuse, oil, sewage sludge, munitions, chemical wastes, biological materials, radioactive substance, heat, wrecked or discarded equipment, rock, sand, cellar dirt, or industrial, municipal, or agricultural waste discharged into water or onto land, any dust, fumes, mist, liquid, smoke, other particulate matter, vapor, gas, odorous substance or any combination of those things emitted into the air but not uncombined water vapor.
i. "Violation" means a violation of a cooperative agreement, of an approval that is not replaced by the cooperative agreement or of a provision of chapters 280 to 295 Wis. Stats. and rules promulgated under those chapters for which a participant has not received a variance.

III. PERIOD OF AGREEMENT. This agreement is a renewal of the original agreement for this site that was signed on February 5, 2001. This extended agreement shall commence upon its signing by both parties and continue until February 4, 2011, during which period the Company and WDNR shall abide by all terms and conditions contained herein.

IV. AMENDMENT/REVOCATION. Pursuant to s. 299.80(7), Wis. Stats., WDNR may amend this agreement with the consent of the Company or for cause. WDNR may revoke an agreement at the request of the Company or if the Company is in substantial noncompliance, refuses to amend this agreement, is unable or unwilling to meet commitments to superior environmental performance or have not addressed a substantive issue raised by a majority of the interested persons (s. 299.80 (7), Wis. Stats). WDNR shall provide at least 30 days for public comment on the proposed amendment or revocation of a cooperative agreement and an opportunity for a hearing if comments demonstrate considerable public interest in the proposed action.

V. ENTIRE AGREEMENT. This agreement, together with any specifications, referenced parts, attachments and effective amendments, shall constitute the entire agreement. Communications or understandings made prior to the signing of this agreement and pertaining to its subject matter are hereby superseded. All revisions to this agreement must be made by a written amendment to this agreement, signed by both parties and issued under the same procedures as this agreement.

VI. APPROVALS COVERED.

The following permits and approvals covered by this agreement apply specifically to the Pleasant Prairie Power Plant:

Air Quality Permit (Title V Permit)	Air Pollution Control Operation Permit (Title V) WDNR Permit No. 230006260-P02 EI Facility No. 230006260
Wastewater Permit	Wisconsin Pollutant Discharge Elimination System Permit (WPDES) Wisconsin Permit No. WI-0043583-06

The following approvals covered by this agreement apply to solid waste facilities owned by the Company from which stored combustion waste materials may be removed for energy recovery at Pleasant Prairie Power Plant or beneficial use in accordance with ch. NR 538, Wis. Adm. Code:

Licensed Solid Waste Landfills	Pleasant Prairie Ash Landfill WDNR Site License #02786 8000 95th Street Pleasant Prairie, WI 53158 Caledonia Ash Landfill WDNR Site License #03232 4801 E. Elm Road Oak Creek, WI. 53154 North Oak Creek Landfill WDNR Site License #00349 Federal ID Number 241219440 4801 E. Elm Road Oak Creek, WI. 53154 South Oak Creek Landfill WDNR Site License #02357 4801 E. Elm Road Oak Creek, WI. 53154 System Control Center Ash Landfill WDNR Site License #02887 N20 W23501 Ridgeview Parkway Pewaukee, WI 53072 Highway 32 Ash Landfill WDNR Site License #02801 1866 N. Port Washington Rd. Grafton, WI 53024 Cedar-Sauk Landfill WDNR Site License #00603 Federal ID Number 246049210 Cedar-Sauk Road Town of Cedarburg 1.5 miles west of Saukville Highway 59 Landfill WDNR Site License #00918 Federal ID Number 268153160 Along Arcadian Avenue, east of Hwy. 164/59 Town of Waukesha

In addition to the licensed facilities listed above, stored combustion waste materials from the Company's unlicensed Kansas Avenue Landfill (in St. Francis, Milwaukee County) and other early coal ash disposal areas that predate landfill licensing requirements may also be removed for energy recovery at Pleasant Prairie Power Plant.

The Company previously obtained approval from WDNR to burn a combination of pulverized coal, fly ash, and bottom ash at Pleasant Prairie Power Plant. This Agreement allows the Company to continue to burn a combination of pulverized coal, fly ash, and bottom ash at Pleasant Prairie Power Plant from the sources listed, plus other coal combustion sources. These other coal combustion sources may include previously deposited coal and ash deposits that may be on lands both owned and not owned by the Company. Combustion of coal combustion material sources shall occur in a manner that maintains continued compliance with the air quality and wastewater permits issued to the plant. Removal of these deposits and recovery for energy provides a benefit to the environment and local economic development.

The Company conducted an approved pilot project in 1998 that successfully demonstrated a process for recovering ash from the landfill at Pleasant Prairie Power Plant and processing the materials for beneficial use in construction materials while protecting the environment. The Company also has ongoing approval to beneficially use the fly ash and bottom ash generated at Pleasant Prairie Power Plant for specific purposes. That approval is not modified by this agreement.

Any requirements of the permits and approvals listed above that are superseded by this Cooperative Agreement are specified in Section XII (Operational Flexibility and Variances). All other requirements of the covered permits and approvals are unchanged by this Agreement. The Multi-Emission Cooperative Agreement signed by WDNR and the Company on September 30, 2002 shall also remain unchanged as it applies to Pleasant Prairie Power Plant.

VII. PROJECT MANAGEMENT

WDNR and the Company shall each assign a qualified Project Manager for the duration of this Agreement. The Project Managers shall be familiar with the history and contents of the Agreement, and it shall be their responsibility to oversee and coordinate the necessary actions as contained in the Agreement. The Project Managers shall facilitate communications between the parties to this agreement and serve as the primary contacts for all related inquiries.

The Project Managers shall seek to increase trust among the WDNR, the Company and the public. Additionally, the Project Managers shall also solicit the opinions of employees, WDNR staff and interested stakeholders regarding the success of the agreement.

WDNR shall assign within 30 days after signing of this agreement a multi-discipline regulatory and compliance assistance team to the Agreement that is knowledgeable about Pleasant Prairie Power Plant operations and the utility industry. This team shall have an intimate knowledge of the plant's operations and a working knowledge of the utility industry and utility operations that can affect the environment. The team shall also have working knowledge of non-environmental regulatory matters that affect the utility industry and may impact environmental commitments in this agreement. Members of the team shall include, but not be limited to, WDNR Sturtevant air, waste, remediation and redevelopment, and water quality staff, and similar staff from the Company's Environmental Department and the Pleasant Prairie Power Plant Environmental Coordinator. The Company shall assist WDNR team members in gaining any site-specific or company-specific understanding that is required for this role. The WDNR team shall provide technical assistance to the Company in pollution prevention, waste minimization, and

general environmental compliance best practices. WDNR team members and the Pleasant Prairie Power Plant team shall have a goal of meeting quarterly to share relevant information via formal and informal communications. The goal is to foster ongoing collaboration between WDNR and the Company, seeking to increase trust among government and the Company through open communication and support of early and credible resolution of issues concerning the environment and environmental regulation. The team shall review and track progress in meeting the goals and objectives of both this Agreement and other environmental aspects and potential impacts of the plant related to air, land and water quality, waste management, and other regulatory activities not covered by this Agreement.

The project managers shall perform an evaluation of the applicability and practicability of integrated permitting for the plant, and shall prepare a joint feasibility report by April 1, 2008 and an update by April 1, 2009. This evaluation, and subsequent reports, shall address the feasibility and efficacy of: 1) existing permits and compliance programs; 2) joint inspections; 3) integrated, risk-based approaches not feasible under the current regulatory system; 4) institutional, attitudinal, and regulatory barriers; and, 5) costs and benefits. Both WDNR and Company representatives will be included in this effort.

VIII. INTERESTED PERSONS GROUP

The Company shall maintain relations with an interested persons group that includes residents of the area, employees, and local officials. The members of this group may change over time without necessitating an amendment to this Agreement. The Company shall keep a current list of group members and update WDNR annually on any changes to the list in the performance reports described in Section XIV of this Agreement.

The Company shall meet with members of the interested persons group at least once every six months to discuss implementation of the plant's environmental management system (EMS), the progress of this Agreement, and the plant's environmental performance. The Company shall solicit comments on these subjects and seek consensus on any issues concerning performance.

Assistance available from the Company to help interested persons understand the implementation of this Agreement shall include but not be limited to the following:

Informational Meetings	• Internal informational meetings for members of Local 2150 and 317, and plant management staff • Invited informational meetings for external members of the interested persons group
Tours and Open Houses	• Open house for employees of Local 2150 and 317 and plant management staff • Targeted tours for external members of the interested persons group
Mailings	• Summary information sheets outlining key information about the plant's operations, environmental performance, and key components of the Cooperative Agreement, including the plant's progress on specific commitments and activities within the agreement.
We Energies Internet Site	• Maintenance of a specific page on the Company's

	Internet site dedicated to the Pleasant Prairie Power Plant and the Cooperative Agreement • Linkage of the Company Internet site with the WDNR Cooperative Agreement Internet site
Presentations and Visits	• Actively soliciting and responding to invitations from external groups for presentations by plant staff on the plant's operations, environmental performance, and progress on the agreement
Summaries to WDNR	• Annual summaries to WDNR's Regional and Service Center offices on the implementation progress of: a) environmental commitments to superior environmental performance; and, b) operational flexibility and variances • Annual summaries (contained in the annual performance report) to WDNR on the Company's overall progress on implementation of the Cooperative Agreement and environmental performance

IX. COMMITMENT TO ENVIRONMENTAL MANAGEMENT SYSTEM.

The Company commits to maintain an environmental management system (EMS) meeting the requirements of ISO 14001:2004. A certified ISO 14000 auditor shall oversee maintenance of this EMS.

X. COMMITMENT TO SUPERIOR ENVIRONMENTAL PERFORMANCE.

The Company commits to going beyond what would otherwise be required in environmental regulations by setting the following goals. Several of the goals include ambitious numerical targets. Performance falling short of any numerical target given below shall not be construed by WDNR as a violation of the agreement, and shall not by itself be considered grounds for amending or revoking the agreement.

Reduced Natural Resource Usage	The Company shall combine ash recovered from landfills and other ash sources with coal and burn the mixture to generate electricity. One target is to reduce coal usage by 10,000 ton/yr. A second target is to generate 10,000 MWh/yr of electricity from recovered ash. Measure: Tons of coal displaced by recovered ash; Megawatt-hours (MWh) of energy recovered from previously landfilled ash.
Reduced Waste Generation	The Company commits to an average annual opacity target of 10 percent during the first year of the agreement, excluding periods of start-up, shutdown, and malfunction. The existing permit limitation is 20 percent instantaneous limit, except for periods of start-up, shutdown, and

	malfunction, as provided in 40 CFR 60.11(c). Measure: Opacity as read by continuous emission monitors using standard methods.
Improved Land Use and Reduced Risk of Environmental Contamination	The Company shall remove ash from Company-owned landfills for beneficial use. An eventual goal is to completely remove the ash from one or more landfills and restore the land for more desirable uses. A second goal is to reduce risk and potential liability for groundwater contamination caused by leaching or leaking of materials from the landfills. Measure: Volume of landfill space made available; number of landfills decommissioned or acres of land made available for higher use.
Implementation of ISO 14001-based Environmental Management System (EMS)	The Company shall maintain a plant-wide EMS at Pleasant Prairie Power Plant based on ISO 14001:2004. This documentation shall be available to WDNR and the interested persons group. Measure: Continual improvement of plant environmental systems.
Environmental Management Information System (EMIS) Implementation	The Company shall maintain a plant-wide electronic environmental management information system to assist plant and corporate staff in planning, tracking, and reporting on environmental activities and performance. Measure: Maintenance of the system.
Supplier Environmental Management System Audits	The Company shall conduct environmental management system (EMS) audits of all key suppliers that may present significant environmental aspects as part of the service they provide the plant, including but not limited to any business contracted to recover or process ash from a Company landfill. ISO 14001:2004 shall be used as the protocol for these audits. Feedback shall be provided back to the suppliers. Measure: Qualitative and quantitative performance measures specific to the Company's contract with each supplier.
Mercury Monitoring System Installation and Evaluation	The company will install a mercury continuous emission monitoring (Hg CEM) system on the common stack 1 by April 1, 2006. The purpose of installing Hg CEMs is to study and evaluate: 1) the current performance capabilities of state-of-the-art Hg CEMs as available to the

	commercial market; and, 2) to understand and learn the emission characteristics (range of variability, rate of variability or change) of mercury emissions from the boilers at Pleasant Prairie Power Plant. Such information may prove to be valuable in evaluating the effectiveness and compatibility of various mercury reduction technologies for possible installation and operation in response to future mercury reduction initiatives.
Mercury Removal System Evaluation	A study to evaluate the long term capability of a prototype mercury oxidizing selective catalytic reactor (SCR) catalyst is being undertaken at Pleasant Prairie Power Plant. We Energies is working in conjunction with a major air quality control manufacturer to test under actual field conditions an experimental mercury oxidizing catalyst that has worked successfully under laboratory conditions. A small pilot scale test vessel has been installed in parallel with the existing Pleasant Prairie Power Plant Unit 2 SCR system, in what is called a slip stream reactor configuration. The prototype catalyst will receive ammoniated flue gas from the full scale SCR system and the expected nitrogen oxide (NOx) reduction will occur. Due to a proprietary conditioning of the catalyst material, a corresponding oxidation of elemental mercury present in the flue gas will occur. Results of this test are important, as oxidized mercury can be collected in a downstream Flue Gas Desulfurization (FGD) system, while elemental mercury cannot be collected. FGD systems are being installed on both units at Pleasant Prairie Power Plant to reduce sulfur dioxide emissions. Approximately ninety percent of the mercury in the flue gas at Pleasant Prairie Power Plant is in an elemental state. A mercury oxidizing catalyst could prove to be a viable alternative to installing a carbon sorbent injection type of mercury removal system that would include an ash and carbon sorbent collection bag house.
Particulate Monitoring Evaluation	The Company shall perform a study examining the use of opacity and particulate matter monitors once the first FGD is operational. This study will be performed in 2007 and: 1) evaluate and determine the value of continued opacity measurement and reporting; 2) the efficacy of using PM monitors to measure particulate matter removal; and, 3) a proposed schedule for any change in monitoring and reporting protocol. The WDNR shall coordinate with the Company in this evaluation. A joint report shall be completed by December 31, 2007. <u>Background</u> Currently the plant operates a continuous opacity monitor

	(COM), as an indicator of visible emissions, on the stack common to both units. The amount of light attenuated, blocked or deflected is assumed to be related to the amount of particulate matter present in the flue gas stream. Normally, the flue gas stream is relatively dry. Testing has demonstrated that the electrostatic precipitator normally removes 99.8 percent of the particulate matter present in the flue gas stream. By December, 2007, Pleasant Prairie Power Plant will be operating wet flue gas desulfurization (FGD) systems on each of the units at the plant. This process creates a flue gas stream with a very high percentage of water droplets, with the moisture content at nearly saturation. The presence of water droplets can influence the amount of light attenuated, and affect the effectiveness of an opacity monitor. The plant's air quality construction permit calls for measuring opacity upstream of the FGD systems. The opacity monitors will be located between the primary particulate control device, the electrostatic precipitator (ESP), and upstream of the FGD. Recent research conducted by the Electric Power Research Institute (EPRI) has shown that wet FGD systems can remove more than 75 percent of the remaining particulate matter not captured by the ESP. Therefore, because of the amount of particulate matter removed by the FGD from the flue gas stream, the opacity readings recorded by the COMs upstream of the FGD are not representative of the visible emissions being emitted by either unit at the outlet of the FGD.

XI. POLLUTION LIMITS.

With the exception of those limits identified in Section XII (Operational Flexibility and Variances), the Company commits to abide by all current and future applicable environmental limits. Any provisions of permits or approvals covered by this agreement that are not specifically superseded in Section XII shall remain in effect. The Multi-Emission Cooperative Agreement signed by WDNR and the Company on September 30, 2002 shall also remain unchanged as it applies to Pleasant Prairie Power Plant.

XII. OPERATIONAL FLEXIBILITY AND VARIANCES.

A. Alternative Monitoring and Enhanced Corrective Action

The agreement allows the Company to use alternative monitoring in exchange for enhanced corrective action with respect to the following items:

Item	Previous Requirements Superseded by this Agreement *[source of requirement]*	New Requirements
Electrostatic Precipitator Monitoring and Data Collection	The permittee shall monitor and record the primary voltage, secondary voltage, primary current, secondary current, and sparking rate once every operating shift. *[Title V Permit #23006260-P02, Conditions I.A.1.b.(5) and I.A.1.c.(5)]*	The Company shall examine the electrostatic precipitator and take any necessary corrective action when: 1) the daily average opacity exceeds 10 percent; or, 2) the six-minute average opacity exceeds 17 percent. All corrective action shall be documented in the plant logs. The Company and WDNR shall evaluate and potentially adjust these levels after the first year of the agreement.
Annual Instrument Calibration	All instruments used for measuring source or air pollution control equipment operational variables shall be calibrated yearly or at a frequency based on good engineering practice as established by operational history, whichever is more frequent. *[Title V Permit #23006260-P02, Condition II.C.13.]*	The Company shall calibrate all instruments used for measuring source or air pollution control equipment operational variables during major maintenance outages or following good engineering practices, but no less frequently than once every twenty-four (24) months. The Company shall keep records documenting any calibration activities. Requirements for calibrating continuous emission monitors, particulate monitors, mercury monitors and continuous opacity monitors are <u>not</u> superseded by this agreement.
Coal and Ash Dust Collector Data Collection	The permittee shall monitor and record the pressure drop across the storage bin vent baghouse (C13), in inches of water, once per shift when the process is in operation. *[Title V Permit #23006260-P02, Condition I.D.1.c.(2)]* The permittee shall keep records of the date of any inspections of baghouse C13 and the date any bags are replaced. *[Title V Permit #23006260-P02, Condition I.D.1.c.(3)]* The permittee shall keep records of the date of any inspections of the in-plant coal transfer baghouse (C14) or the coal crusher house	The Company shall: 1) inspect the storage bin vent baghouse (C13), the in-plant coal transfer operations baghouse (C14), and the coal crusher house baghouse (C16) daily; and, 2) keep records of any necessary corrective actions taken as a result of the inspections of baghouse C13, C14, or C16 or control room alarms.

Item	Previous Requirements Superseded by this Agreement *[source of requirement]*	New Requirements
	baghouse (C16) and a description of any maintenance or repairs performed as a result of the inspection and alarms. *[Title V Permit #23006260-P02, Conditions I.E.1.c.(2)(b) and (c) and I.F.1.c.(2)(b) and (c)]*	
Fugitive Dust Monitoring Recordkeeping	The permittee shall maintain records that describe the precautions taken to prevent particulate matter from becoming airborne and the dates on which the precautions were taken. *[Title V Permit #23006260-P02, Condition I.C.1.c.(1)]*	The Company shall conduct shift and routine operational inspections of the coal pile and other fugitive dust sources, ensuring that good operating practices and enhanced dust control techniques are practiced.
Deicing Line Flow Readings for Outfall 002	The permittee shall record the flow of deicing line at the lakeside intake structure when the deicing line is utilized. [*WPDES Permit #WI-0043583-06-0, Section 2.2.2*]	The permittee shall report the flow of the deicing line at the lakeside intake structure when the deicing line is utilized. The permittee may use a single representative flow value that is typical of an average day to estimate actual flow values on any day the line is used.

B. Reduced Reporting and Decreased Administrative Expense

The agreement allows the Company to reduce reporting and realize reduced administrative expenses both for itself and the regulatory agencies through implementation of the following items:

Item	Previous Requirements Superseded by this Agreement *[source of requirement]*	New Requirements
Quarterly Excess Emission Reporting	Quarterly excess emission reports for visible emissions, sulfur dioxide, and nitrogen oxides from boilers B20 and B21 shall be submitted within 30 days following the end of each calendar quarter. *[Title V Permit #23006260-P02, Conditions I.A.2.c.(3), I.A.3.c.(3), I.A.4.c.(3), and I.G.1.a.(1) and (2)]*	The Company shall: 1) notify WDNR by telephone within one business day of excess emissions, as defined in s. NR 439.09(10)(b), Wis. Adm. Code, followed by an electronic mail notification within five business days; and, 2) submit to WDNR semi-annual excess emission reports for visible emissions, sulfur dioxide, and nitrogen oxides from boilers B20 and B21. These reports shall cover the time periods January 1 to June

Item	Previous Requirements Superseded by this Agreement *[source of requirement]*	New Requirements
		30 and July 1 to December 31 of each year and shall be submitted within 45 days after the end of each reporting period. These reports may be submitted by electronic mail as a .pdf file at the Company's discretion.
Title V Semi-Annual and Annual Monitoring Reports and Compliance Certifications	1) The permittee shall submit the results of monitoring, or a summary of monitoring results, required by this permit to the Department every 6 months. 2) The time periods to be addressed by the submittal are January 1 to June 30 and July 1 to December 31. 3) The report shall be submitted to Southeast Region within 30 days after the end of each reporting period. 4) All deviations from, and violations of, applicable requirements shall be clearly identified in the submittal. 5) Each submittal shall be certified by a responsible official as to the truth, accuracy and completeness of the report. *[Title V Permit #23006260-P02, Conditions I.G.4.b.a.(1) - (5)]* Compliance certifications shall be submitted within 30 days after the end of each reporting period. *[Title V Permit #23006260-P02, Condition I.G.4.b.b.(3)]*	The Company shall submit to WDNR: 1) A written semi-annual monitoring report covering the time period January 1 to June 30 of each year within 45 days after the end of each reporting period. This report may be submitted by electronic mail as a .pdf file at the Company's discretion. This report shall be certified by a responsible official of the Company and shall describe any deviations from or violations of applicable requirements, including the dates of each event. 2) A written annual monitoring report within 45 days after the end of each reporting period that meets the requirements specified in conditions I.G.4.b.a.(3), (4), and (5) of the current Title V permit. This report shall include the results of all monitoring, or a summary of all monitoring results, required by the Title V permit. 3) Compliance certifications meeting all the requirements specified in the Title V permit, except that the Company may submit the certifications within 45 days after the end of each reporting period.
Wastewater Noncompliance Notification	A written report describing any reported noncompliance shall be submitted to the Department's regional office within 5 days after the permittee becoming aware of the noncompliance. *[WPDES Permit #WI-0043583-06, Section D.(9)(b)]*	The Company shall take immediate corrective action to address any upset condition or exceedance and shall notify WDNR within 24 hours of becoming aware of noncompliance. A report describing any reported noncompliance shall be submitted by electronic mail to the Department's regional office within 5 days after the permittee becoming aware of the

Item	Previous Requirements Superseded by this Agreement *[source of requirement]*	New Requirements
		noncompliance. The Company shall keep a signed copy of the electronic mail notification and make it available to WDNR on request.
Annual Evaluation	No existing requirements are superseded.	The Company may evaluate all environmental monitoring, documentation and reporting requirements on an annual basis and submit any suggested changes to WDNR. If the suggested changes are not currently allowed under this agreement, WDNR shall review and consider such changes as potential amendments to this agreement.

C. Permit Streamlining

The agreement allows the Company to streamline the permitting and approval process as follows in order to allow faster realization of environmental and energy efficiency improvements at the Pleasant Prairie Power Plant:

Item	Standard Requirements Replaced by this Agreement	New Requirements
Renewal of the Air Quality Renewable Operating Permit	This Agreement does not replace any Standard requirements. It merely establishes a mutually agreed schedule for renewal of the Company's operating permit.	The Company has already submitted a timely application for renewal of its operating permit. The Company may continue to operate within the requirements of the existing Title V permit (Permit No. 230006260-P02) under the savings clause in s. 227.51(2), Wis. Stats., until one or more of the following two events occur, at which time the permit shall be renewed, incorporating the necessary changes required by the specific event below. 1. The proposed U.S. Environmental Protection Agency consent decree (announced April 29, 2003) for Wisconsin Electric Power Company is entered by the court. Those items of the consent decree specific to the Title V permit for Pleasant Prairie Power Plant shall be entered into a renewed permit. When the consent decree is entered by the court, the Company shall provide written

Item	Standard Requirements Replaced by this Agreement	New Requirements
		notice to the Department's Air Quality Compliance Engineer in the Sturtevant Office that oversees the Pleasant Prairie Power Plant. 2. The construction activities approved by the air quality construction permit approved on April 5, 2004 (Permit No. 03-RSG-296) are completed, or are in such a phase of construction that compliance with the construction permit is assured. If the consent decree is entered by the court after June 1, 2006, the renewed Title V renewable operating permit may incorporate both the changes necessitated by the consent decree and the April 2004 construction permit, in addition to any changes contained in the Company's 2002 renewal application and this Environmental Cooperative Agreement.
Construction Permit Exemption for Minor Physical or Operational Changes	NR 406 Construction Permit Requirements and Application Procedures for Minor Sources/Minor Modifications	A. General Construction Permit Exemption The Company may construct, reconstruct, replace, relocate, or modify a stationary source at the Pleasant Prairie Power Plant without obtaining a construction permit, if the individual project meets all of the following conditions: 1) The change is not subject to the permitting requirements of chs. NR 405 or 408, Wis. Adm. Code or subject to sections 112(g) or 112(j) of the Clean Air Act; 2) Maximum theoretical emissions from the project do not exceed any of the following thresholds: a. 9.0 pounds per hour each for sulfur dioxide or carbon monoxide; b. 5.7 pounds per hour each for particulate matter, nitrogen oxides, or volatile organic compounds; c. 3.4 pounds per hour for PM_{10}; d. 0.13 pounds per hour for lead; or, e. The emission rates contained in any table in s. NR 445.04, Wis. Adm.

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		Code, for any air contaminant and the respective stack height. 3) The change will not cause or contribute to a violation of any standard, emission limit, or control requirements embodied in federal law, federal regulations, chs. NR 400-499, Wis. Stats., or any permit issued to the Company; 4) The change is not part of a larger project which, taken as a whole, would not qualify for this exemption; and, 5) The Notification Procedure and Documentation Requirements below are satisfied. B. Other Construction Permit Exemptions In addition to any General Construction Permit Exemptions, the Company is not required to obtain a construction permit for changes already exempted or excluded under ch. NR 406, Wis. Adm. Code. C. Documentation Requirements For each change made under the General Construction Permit Exemption provisions, the Company shall maintain documentation of all appropriate technology reviews and analyses, and design information. This information shall be made available to WDNR on request. Also, the Company shall summarize all such changes in its annual report to interested persons.
Operation Permit Revisions	This agreement modifies the application and issuance procedures for NR 407 operation permit revisions.	WDNR shall review any information submitted by the Company under the General Construction Permit Exemption terms of this agreement and determine if the proposed changes require revisions to the Company's operation permit. If revisions to the operation permit are required: 1) WDNR shall notify the Company within 15 days of the need to revise the permit; 2) The Company may not operate the new or modified source until the revised operation permit has been issued; 3) The information submitted by the Company under the General

Item	Standard Requirements Replaced by this Agreement	New Requirements
		Construction Permit Exemption shall serve as an application for an operation permit revision; 4) Following normal rules and procedures defined in ch. NR 407, Wis. Adm. Code, WDNR shall review the application and propose revisions to the operation permit within 60 days of receiving a complete application; and, 5) EPA review of the proposed revisions to the operation permit shall be limited to 30 days and shall be concurrent with WDNR's normal 30-day public comment period. EPA may extend the review period an additional 15 days if necessary to resolve concerns with the proposed changes. Details of this EPA review will be contained in a separate agreement between WDNR and EPA.
Testing or Research of New Technologies	Equipment used or to be used for the purpose of testing or research may be eligible for an exemption from construction permit requirements in ch. NR 406, Wis. Adm. Code, provided both of the following conditions are met: 1) The Company submits a complete application for exemption that describes the proposed testing or research and includes an operating schedule and the types and quantities of emissions anticipated. 2) WDNR determines that the equipment to be used and the anticipated emissions from the testing or research will not present a significant hazard to public health, safety, or welfare or to the environment. WDNR shall approve or deny an application in writing within 45 days of receiving a complete	The Company may conduct testing or research of new technologies without obtaining a minor source construction exemption under ch. NR 406, Wis. Adm. Code, if all of the following conditions are met: 1) The Company (or its consultants) conducts a thorough engineering analysis and determines that the equipment to be used and the anticipated emissions from the testing or research will not present a significant hazard to public health, safety, or welfare or to the environment; 2) The Company provides written notification to WDNR at least 30 days prior to commencing research or testing that describes the proposed testing or research and includes an operating schedule and the types and quantities of emissions anticipated; 3) WDNR does not object in writing within 21 days of receiving notification; 4) Members of the interested persons group are informed and given at least 7 days to comment; and, 5) The Company responds in writing to any significant comments received from a

Item	Standard Requirements Replaced by this Agreement	New Requirements
	application for exemption.	member of the interested persons group prior to commencing research or testing. The Company shall remain responsible for the performance of any new technologies and for compliance with all applicable emission limits and control requirements, including those in the Title V permit. In addition, the Company shall maintain documentation of all appropriate technology reviews and analyses, design, construction, and operational information, making it available for examination by WDNR upon request. The Company shall describe the environmental and energy efficiency benefits of any technology tested or researched in its annual report to WDNR.
Clarification of Reviewable Projects Under Chapter NR 108, Wis. Adm. Code	This Agreement does not replace any of the standard requirements for reviewable projects under Chapter NR 108. Instead it provides clarification of when changes to wastewater facilities at the site are <u>not</u> "reviewable projects" for the purposes of Chapter NR 108. It also provides a streamlined process by which the Company may seek concurrence from WDNR that a change is not a reviewable project.	A. <u>Non-Reviewable Projects</u> The Company may make minor changes to wastewater facilities at the Pleasant Prairie Power Plant <u>without</u> submitting and obtaining approval of plans and specifications 90 days in advance, if the change meets <u>all</u> of the following conditions: 1) The change involves making modifications to an existing wastewater facility for which plans and specifications were previously approved by WDNR; 2) The change will not cause or contribute to a violation of any standard or effluent limit embodied in federal law, federal regulations, state regulations, or any permit issued to the Company; 3) The change is not part of a larger project which, taken as a whole, would be a reviewable project under ch. NR 108, Wis. Adm. Code; and, 4) The Notification Procedure and Documentation Requirements below are satisfied. B. <u>Notification Procedure</u> The Company shall notify WDNR each time it intends to exercise the Non-Reviewable Projects portion of this agreement. To do so,

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		the Company shall submit at least ten business days in advance a written pre-construction notification to WDNR including the following information, at a minimum: 1) A description of the proposed changes, including the purpose and schedule; 2) A summary of the expected effect of the changes on wastewater effluent from the facility; and 3) An explanation of how WDNR may obtain more detailed design information, if necessary. Notifications shall be mailed to the Section Chief, Wastewater and Pretreatment Permits (WT/2), Wisconsin DNR, P.O. Box 7921, Madison, WI 53707-7921. Should WDNR determine that the information submitted does not meet the requirements listed above, WDNR shall inform the Company that the NR 108 process applies. WDNR shall communicate this to the company via electronic mail within ten business days of receiving the notification from the Company. C. <u>Documentation Requirements</u> For each change made under the Non-Reviewable Projects provisions, the Company shall maintain documentation of all appropriate technology reviews and analyses, and design information. This information shall be made available to WDNR on request. Also, the Company shall summarize all such changes in its annual report to interested persons.
Water Treatment Additives	In the event the Company wishes to commence use of a water treatment additive, or increase the usage of additives greater than indicated in the permit application, the permittee must get written approval from the WDNR prior to initiating such permit changes. [*WPDES Permit #WI-0043583-06-*	In the event the Company wishes to commence use of a water treatment additive, or increase the usage of additives greater than indicated in the WPDES permit application, without obtaining written WDNR approval, the Company must: 1) Review WDNR's final written guidance on water treatment additives;

Item	Standard Requirements Replaced by this Agreement	New Requirements
	0, Section 5.3.6]	2) Determine prior to initiating any change that the change satisfies WDNR's criteria for approval; and, 3) Document the basis of this decision. The Company should consult with WDNR if there is any question on whether an additive meets the criteria for approval. The Company shall submit summary information to WDNR on water treatment additives prior to any such changes. If the self-approval option is utilized, the letter submitting the additive information shall contain a certification that the Company followed WDNR's guidance for approving water treatment additives and determined that the change meets all the criteria for approval. The Company shall maintain records in the corporate office and on-site documenting the basis for any self-approved changes. Any changes to water treatment additives shall be incorporated into the next scheduled renewal of the plant's WPDES permit.

D. Coal Combustion Waste Materials Utilization

This agreement allows the Company to recover and beneficially use stored coal combustion waste materials, consisting of coal-fired power plant bottom ash and fly ash, power plant wastewater treatment sludge, and other minor coal-plant related materials. Recovery of such materials would normally require a plan modification consistent with ch. NR 514, Wis. Adm. Code, for each landfill covered under the agreement. Beneficial use of the recovered materials would normally be allowed under ch. NR 538, Wis. Adm. Code, if the materials meet specified criteria. Ch. NR 538, Wis. Adm. Code, is intended to be a self-implementing program but often requires project-specific review and approval from WDNR. Finally, under existing regulations in ch. NR 406, Wis. Adm. Code, the Company could be allowed to burn a coal and coal ash mixture as an alternate fuel without obtaining a new source permit upon approval by WDNR.

The table below summarizes all requirements that the Company shall meet in lieu of ch. NR 514 plan modification approvals, ch. NR 538 beneficial use approvals, and ch. NR 406 alternate fuel approvals. Any other potentially applicable requirements associated with coal combustion material utilization (for example, air pollution emission limits and control requirements, or stormwater pollution prevention requirements) are not waived.

Item	Standard Requirements Replaced by this Agreement	New Requirements
Recovery of Stored Coal Combustion Materials	NR 514 Plan Modification Requirements	1) The Company may recover and receive coal and coal combustion materials for beneficial use, in accordance with the Generic Plan included as Attachment 1 to this agreement and the conditions below. 2) The Company shall continue to comply with all conditions of existing landfill plan approvals that are not replaced by the Generic Plan. The Company shall also comply with applicable fugitive dust and stormwater regulations when recovering materials. 3) The Company shall notify WDNR prior to initiating materials recovery at any landfill covered under this agreement, or receipt of coal and coal combustion materials from other licensed or unlicensed sites. The notification shall describe any proposed site-specific enhancements or alterations to the Generic Plan that address special conditions encountered at that landfill, as well as the expected schedule for all recovery activities at that location. Notification and the meeting described in requirement 4 below are <u>not</u> necessary for any site where recovery of materials is already allowed under an active investigation or remedial action plan approved by WDNR. 4) Where the Company or its agents are recovering materials, the WDNR shall meet with the Company and the contractor at the landfill site within 45 days of receiving the notification described above. The adequacy of the Generic Plan and any enhancements or alterations proposed by the Company shall be discussed, considering actual site conditions. WDNR shall clearly identify any recommended refinements to the course of action proposed by the Company. WDNR shall subsequently document the results of the meeting.

Item	Standard Requirements Replaced by this Agreement	New Requirements
		5) The Company shall audit the environmental management system of any business contracted to recover stored combustion materials from any landfill covered under this agreement prior to the commencement of recovery. 6) For each landfill, the Company shall submit a formal NR 500 plan or plan modification no less than 180 days prior to completing materials recovery. The plan modification shall address closure, monitoring, and ultimate fate of the property.
Beneficial Use of Stored Coal Combustion Materials as Sand/Gravel Substitutes	NR 538 Beneficial Use Approvals	The Company may crush and screen coal combustion materials recovered from licensed Company landfills under the terms of this agreement. The Company shall comply with WDNR fugitive dust rules and stormwater rules when crushing, screening, or transporting these materials. Any use of these materials shall comply with ch. NR 538, Wis. Adm. Code, unless the use is specified in that rule as exempt.
Use of Recovered Coal Combustion Materials in Alternate Fuels at Pleasant Prairie Power Plant	NR 406 Alternate Fuel Approvals (to avoid permit modification) and NR 445 Hazardous Pollutants.	The Company may blend coal combustion materials recovered from Company landfills, other power plants the Company operates, and other coal combustion ash sources received from third parties under the terms of this agreement with pulverized coal. The Company may burn the mixture as an alternate fuel in Boiler B20 or Boiler B21 at Pleasant Prairie Power Plant without modifying this agreement or any existing permits, if no physical changes are made to the combustion units. <u>All applicable emission limits and control requirements for those boilers are unchanged and shall continue to apply.</u> The Company shall list all alternate fuels when applying for renewal of the operation permit for Pleasant Prairie Power Plant. To ensure compliance with ch. NR 445, Wis. Adm. Code, emissions of arsenic <u>attributable</u>

Item	Standard Requirements Replaced by this Agreement	New Requirements
		to the use of recovered materials as fuel may not exceed 14 pounds over any 12-month period. The Company shall continue to sample materials brought to the plant to maintain compliance with this limit and to ensure the pollution control equipment continues to function properly.
Beneficial Use of New Combustion Byproducts from Pleasant Prairie Power Plant	N/A: The existing NR 538 approvals for using Pleasant Prairie Power Plant ash are unchanged.	The Company may continue to beneficially use fly ash and bottom ash created by combustion processes at Pleasant Prairie Power Plant, pursuant to the terms of existing ch. NR 538 approvals.

XIII. REPORTING OF VIOLATIONS.

Any violations discovered as part of a performance evaluation shall be disclosed to WDNR within 45 days of the completion of the evaluation in a report containing the information required under s. 299.80(12), Wis. Stats. WDNR may not take any civil enforcement action on any such reported violations if they are corrected within 90 days of notification, unless the violations present an imminent threat to public health or the environment or may cause serious harm to public health or the environment, or the department discovers the violations before the Company discloses them. This does not exempt the Company from the requirements for immediate notification contained in s. 292.11, Wis. Stats. Any criminal violations would always be subject to WDNR enforcement action.

If a longer period of time is needed to correct the violations, a compliance schedule can be negotiated and the agreement modified allowing a compliance schedule of up to 12 months.

XIV. PERIODIC PERFORMANCE EVALUATIONS.

The Company shall annually evaluate the overall environmental performance of the Pleasant Prairie Power Plant. Each evaluation shall include:

- a quantitative summary of air emissions, waste generation, and wastewater discharges;
- an assessment of the performance of the EMS;
- a review of progress and results on the goals and commitments established in this Agreement; and,
- a review of conformance with the terms of this Agreement.

In addition, both parties to this Agreement shall annually assess the success of the Agreement in reducing the time and money spent on paperwork and other administrative activities that do not directly benefit the environment.

On or before April 1 of each year, the Company shall summarize all of the above findings in an Annual Performance Report. The specific and detailed content of each report will be discussed at meetings of the

multi-discipline regulatory and compliance assistance team described in Section VII of this Agreement. The Company shall submit each report in .pdf format to the DNR Project Manager and to each member of the Interested Persons Group established under Section VIII of this Agreement. If there were any changes to the membership of the Interested Persons Group in the preceding year, the Company shall report this to the DNR Project Manager as well. Each report shall be made available on the Internet by WDNR or the Company, or both.

In addition to the overall environmental performance evaluations, the Company shall separately evaluate its compliance with approvals that are not replaced by this Agreement and the provision of chapters 280 to 295 Wis. Stats. and rules promulgated under those chapters for which a variance is not granted by this Agreement. A compliance evaluation shall be completed in each calendar year. The schedule and specific scope for each compliance evaluation shall be discussed at meetings of the multi-discipline regulatory and compliance assistance team described in Section VII of this Agreement. In general, the Company may exercise discretion in choosing which approvals and provisions to evaluate in any given year. However, over the full term of this Agreement, the Company shall evaluate all relevant approvals and provisions at least once. Furthermore, every annual compliance evaluation shall include a review of compliance with all requirements for which the previous year's evaluation found non-compliance. The Company shall submit the results of each compliance evaluation to the WDNR Project Manager within 45 days of the completion of the evaluation in a report containing the information required under s. 299.80(12), Wis. Stats.

XV. REOPENER. At any time during the period of the agreement the Company may request to reopen the agreement for potential modifications to reflect changing business conditions, environmental performance goals, modification or inclusions of other provisions, or for other valid reasons as mutually agreed with WDNR. Any modifications to the agreement shall require the same approvals as did the original agreement.

XVI. APPLICABLE LAW. The laws of the State of Wisconsin shall govern this agreement. Except as provided herein, the Company shall at all times comply with all Federal, State, and Local laws, ordinances and regulations in effect during the period of this agreement.

XVII. ADDRESSES. All correspondence and communication of relevance to this agreement shall be directed to the appropriate contact person listed below. Changes in the information listed below shall be forwarded to the other party when effective and shall become part of this agreement without a formal amendment.

John Shenot
Wisconsin Department of Natural Resources
Bureau of Cooperative Environmental Assistance
PO Box 7921
Madison, WI 53707-7921

Brian Borofka
Wisconsin Electric Power Company dba We Energies
333 W. Everett Street
Milwaukee, WI 53201

Attachment 1:
Generic Plan Modification
for Coal Combustion Materials Recovery
From Wisconsin Electric Power Company
Landfill Sites

February 5, 2006

Prepared by: Bruce Ramme, P.E. - Manager, Land Quality, Wisconsin Electric Power Company, 333 W. Everett Street, Milwaukee, WI 53203

Purpose: This generic plan modification is an addendum to the Cooperative Agreement between Wisconsin Electric (WE) and the Wisconsin Department of Natural Resources (WDNR).The purpose of this generic plan modification is to establish an environmentally responsible plan for the removal, recovery and characterization of coal combustion materials removed from licensed and unlicensed WE combustion material landfill sites; and for beneficial utilization of these recovered materials in accordance with Wisconsin Administrative Code Chapter NR 538 categorization and utilization rules for coal ash.

Background Information: The utilization of coal combustion by-products from Pleasant Prairie Power Plant (P4) has continued to grow since the plant was placed in operation with virtually all of the fly ash and bottom ash being utilized currently. Only small amounts of coal combustion by-products from plant cleaning and water treatment processes are currently placed in the operating landfill cell. The demand for bottom ash currently exceeds production in southeast Wisconsin for use under concrete pavements and foundation slabs. Utilization of bottom ash in place of crushed stone and gravel helps to preserve virgin materials, preserve licensed landfill airspace and reduce the need for new gravel pits, stone quarries and landfill sites. The high quality ASTM C618 Class C fly ash produced at P4 has earned an international reputation for use in concrete and the demand for P4 fly ash also exceeds production from the plant. The removal of coal combustion materials stored in WE landfills will allow us to meet market demands for fly ash and bottom ash produced at P4 through patented and patent pending processes developed at WE. Other benefits include the recovery of otherwise lost energy, preservation of natural resources (such as coal, sand, gravel, crushed stone, clay, shale, and limestone), preservation of existing licensed landfill capacity, reduced need for new landfills, reduced environmental groundwater contamination risks from landfills and potential recovery of the land presently dedicated to landfill storage of coal combustion materials for other use.

The following are landfills with the potential for recovery of coal combustion materials to which this plan can apply:

Caledonia Ash Landfill

WDNR Site License #03232
4801 E. Elm Road
Oak Creek, WI. 53154

North Oak Creek Landfill
WDNR Site License #00349
Federal ID Number 241219440
4801 E. Elm Road
Oak Creek, WI. 53154

South Oak Creek Landfill
WDNR Site License #02357
4801 E. Elm Road
Oak Creek, WI. 53154

System Control Center Ash Landfill
WDNR Site License #02887
N20 W23501 Ridgeview Parkway
Pewaukee, WI 53072

Highway 32 Ash Landfill
WDNR Site License #02801
1866 N. Port Washington Rd.
Grafton, WI 53024

Cedar-Sauk Landfill
WDNR Site License #00603
Federal ID Number 246049210
Cedar-Sauk Road
Town of Cedarburg
1.5 miles west of Saukville

Highway 59 Landfill
WDNR Site License #00918
Federal ID Number 268153160
Along Arcadian Avenue, east of
Hwy. 164/59
Town of Waukesha

Pleasant Prairie Ash Landfill
WDNR Site License No. 02786
8000 95th Street
Pleasant Prairie, WI 53158

Coal combustion material

recovered from the unlicensed Kansas Avenue Landfill, located in St. Francis, Wisconsin, Milwaukee County and other We Energies early coal ash disposal areas that predate licensed landfills will only be used for ash reburn fuel supplement.

Characterization of Landfilled Coal Combustion Materials: WE has had a long standing practice of dedicating landfill sites for the placement of only coal combustion materials. This practice was confirmed in 2000 during construction operations at the Highway 59 Ash Landfill in Waukesha, where over 100,000 tons of coal combustion materials were excavated. This practice was also demonstrated during the pilot removal and processing of approximately 20,000 tons of coal combustion materials from the P4 landfill in 1998. During that process, the removed materials were crushed, screened and periodically sampled in accordance with ASTM D2234. It was found that over 99% of the material removed consisted of coal combustion products with foreign materials consisting of lost items from landfill operators (for example: soda pop cans, safety ribbon, gloves, etc.). WE will continue the screening practice to ensure the quality of coal combustion products removed for use as a supplemental fuel at P4 and to meet the categorization and usage requirements of ch. NR 538, Wis. Adm. Code.

NR 538 Rules: Although ch. NR 538, Wis. Adm. Code does not specifically apply to coal combustion materials recovered from landfills, the cooperative agreement between Wisconsin Electric Power Company and the Wisconsin Department of Natural Resources allows using ch. NR538, Wis. Adm. Code as a technical approach for characterization and use of coal combustion materials that originated as coal combustion by-products from WE power plants. For the purposes of this Agreement, all coal combustion materials recovered and beneficially used under this Agreement shall be regulated as a coal ash under NR 538.

Engineering Plan for Coal Combustion Materials Removal: The coal combustion materials landfilled consist of primarily bottom ash, solidified and/or conditioned fly ash and wastewater treatment system solids (which also contain primarily ash). Wisconsin Electric will remove the landfill cover from the cell to be excavated. The landfill cover generally consists of a topsoil layer, a drainage and rooting zone soil layer and a clay soil capping layer. The Cedar-Sauk, Highway 32 and Highway 59 Landfills also contain a geomembrane layer. The material that is removed from the landfill will be crushed and screened as necessary. Sampling and analytical testing will be done in accordance with the criteria specified in ch. NR538, Wis. Adm. Code and the criteria specified in this generic plan modification. Storage of the coal combustion materials will be done in accordance with section NR538.16 (1), Wis. Adm. Code and the criteria specified in this generic plan modification. Storage of the excavated coal combustion materials will occur within the landfill footprint until it is able to be beneficially reused per the criteria specified in ch. NR 538, Wis. Adm. Code. Any material that is not suitable for beneficial

use, such as miscellaneous debris or soil, will be separated and properly placed in a designated area within the current open active cell. Miscellaneous materials, such as soda pop cans, gloves, etc., will be added to the appropriate power plant's waste stream. Topsoil, rooting zone soil and clay will be properly stored on site for future use in developing or restoring the landfill property.

Recovery of coal combustion materials will be conducted in accordance with all existing air, waste and water regulations. It will proceed in a manner that will minimize dust, minimize ash contact water, and keep surface water drainage away from the removal area. The opened area for coal ash recovery activities will be minimized to only that needed for removal equipment and slope stability safety of constructors. All open areas will be watered as required to prevent dusting. The removal will be staged to minimize open areas and processed coal combustion products will be stored within the active removal area. All existing site drainage for ash contact water and stormwater runoff will also be maintained.

Hours of Operation: Recovery of coal combustion materials will only occur on a Monday thru Friday basis during daylight hours or during the operating hours permitted in the existing plan of operation for the site (whichever is more restrictive).

Removal and Processing Equipment: Recovery of coal combustion materials will be performed with a standard power excavation shovel. The coal combustion materials will then be loaded into crushing and/or screening equipment to control particle size and remove foreign materials. Topsoil and clay materials will be removed by a bulldozer or scraper depending on the area involved and contractor equipment available. The topsoil and clay materials will be neatly shaped and stockpiled on site for future use on the property. These stockpiles will be protected with erosion control measures (such as hay bales or silt fence) to prevent losses to surface water.

Removal Area: The opened area for coal combustion material recovery activities will be minimized to only that needed for removal equipment and slope stability safety of constructors. All open areas will be watered as required to prevent dusting.

Maintenance of Partially Opened Landfill: The opened area for coal combustion materials recovery will be customized on a site specific basis. For example, an active operating landfill site will utilize water for dust control, leachate collection or containment systems, and surface water controls such as silt fences, site sedimentation ponds, etc. Recovery operations in previously closed landfills will also utilize water for dust control, provide an area for collection of ash contact water and leachate, and include appropriate surface water protection controls. Surface water protection controls would include diversion berms to keep surface water from entering the active recovery area and the use of hay bales and silt fences as required. The locational performance criteria identified in NR 504.04 "Landfill Location, Performance, Design and Construction Criteria" unique to each landfill will be considered in developing site specific removal operations to minimize the risk of impact to flood plains, wetlands, streams, rivers, lakes, wells, parks, highways, critical habitat areas, etc. WE will be responsible for performing

coal combustion material recovery activities in a nuisance free manner. This includes no additional noise, dust, groundwater and/or surface water impacts to the area.

Dust Control: Recovered materials contain residual moisture similar to soils and are dust free when removed and processed as demonstrated during pilot recovery operations. The surface of stockpiles of screened coal combustion materials will be compacted and watered as required to eliminate the potential for dusting.

Leachate and Ash Contact Water: Leachate and ash contact water will be collected for use in the active recovery area for dust control or hauled for treatment at the nearest WE power plant wastewater treatment system.

Liner Protection: Liners will be protected during removal operations. In active operating cells, coal combustion materials will be removed to an elevation four feet above the surface of the landfill liner to serve as protection from potential frost damage. In landfills without liners, the coal combustion materials will be completely removed.

Geomembrane Covers: Landfills with geomembrane covers will be a low priority for recovery operations due to their excellent performance in reducing water infiltration. If coal combustion materials are recovered from a landfill with a geomembrane cover, the covering topsoil, clay and rooting zone materials will be removed by a bulldozer or scraper depending on the area involved and contractor equipment available. The soil cover materials will be neatly shaped and stockpiled on site for future use on the property. These stockpiles will be protected with erosion control measures (such as hay bales or silt fence) to prevent losses to surface water. The geomembrane will be removed in sections so that a new geomembrane could be attached if needed to re-establish the landfill cover.

Storage of Recovered Materials: Recovered coal combustion materials will be stored in the active removal area already equipped with leachate collection and perimeter berms. In cases where landfills are not equipped with a liner, a two foot thick clay storage pad will be constructed with a perimeter berm to contain the recovered materials and ash contact water. Storage of the coal combustion materials will be done in accordance with the requirements specified in section NR538.16 (1), Wis. Adm. Code and this generic plan modification.

Handling of Miscellaneous Foreign Materials: We expect to find small amounts of miscellaneous materials (e.g. soda pop cans, gloves, etc.) during the recovery of coal combustion materials. These foreign materials will be added to the appropriate power plant's waste stream in accordance with all solid waste regulations.

Temporary Capping and Closure: In the event that the need for recovered coal combustion materials decreases and recovery operations must be temporarily halted during the next construction season, the open area shall be temporarily covered with bottom ash from current plant production, soil, vegetation or other commercial covering techniques until recovery operations can resume. If recovery operations are to be

suspended for a full construction season or more, then a six inch compacted clay cover shall be installed over the open coal combustion products recovery area until a final cover is re-established or recovery operations can resume.

Transportation Equipment: Recovered coal combustion materials will be hauled in covered dump trucks to the point of utilization.

Quality Control: Coal combustion by-products removal shall be managed by a Landfill Manager (see s. NR524.03 (2), Wis. Adm. Code) certified in the State of Wisconsin to ensure removal, handling, storage, by-product categorization and operation are in compliance with regulations. The Company will audit the environmental management system of any business contracted to recover stored combustion waste materials from any landfill covered under this agreement prior to the commencement of recovery. The annual report will include a listing of contractor audits performed and a list of the sites where recovered ash materials (that were used for alternatives to natural sand, gravel and crushed stone) have been utilized.

Ash Sampling and Testing Procedures

Pleasant Prairie Ash Landfill: In order to determine the chemical consistency of the coal combustion materials recovered from the landfill, the ash will be excavated, processed, and the stored in a designated area in the landfill in no larger than 50,000 cubic yard piles. A representative sample will be obtained per each 10,000 tons of reclaimed material for testing using guidelines presented in ASTM D2234. A minimum of five discrete samples of at least 25 pounds each will be collected from different locations on the storage pile. These discrete samples will be composited, mixed, and volume reduced by manual riffling to develop the analysis sample. Testing will be performed to measure category 2 parameters (described in ch. NR 538, Wis. Adm. Code), for use as sand/gravel/and crushed stone replacement materials. The samples will be subjected to the full category 1 “Other” including PCBs and asbestos if WE proposes to use the recovered material for categories 1, 2 and 3 uses as described in ch. NR 538, Wis. Adm. Code. Utilization of the recovered materials will comply with the NR 538 category met by the total and leachable testing parameter results.

Other WE Licensed Landfills: Materials recovered from other licensed WE landfills for use as alternatives to natural sand, gravel, and crushed stone materials will be initially subjected to the full coal ash category 1 testing described in ch. NR 538, Wis. Adm. Code per each 5,000 tons of reclaimed material if the material is to be used in category 4 or 5 uses. The samples will subjected to the full category 1 “Other” testing including PCBs and asbestos if WE proposes to use the recovered material for categories 1, 2 and 3 uses as described in ch. NR538, Wis. Adm. Code. Utilization of the recovered materials will comply with the NR 538 category met by the total and leachable testing parameter results. The testing parameter list and frequency may also be changed on a site specific basis from experience obtained at the landfill site with WDNR concurrence.

Unlicensed Landfills: Materials recovered from the other unlicensed landfills for use as fuel energy supplement will be initially subjected to the full category 1 "Other" testing described in ch. NR 538, Wis. Adm. Code, PCBs and asbestos, per each 5,000 tons of reclaimed material. The testing parameter list and frequency may also be changed on a site specific basis from experience obtained at the landfill site with WDNR concurrence.

Supplemental Fuel Materials Recovery: Monthly composite fuel sample testing will be performed to measure the following parameters for coal combustion materials recovered for use as a supplemental fuel:

Energy
Sulfur
Arsenic
Moisture Content.

Implementation Plans:

1. WE will notify the WDNR at least 45 days prior to beginning recovery of the stored coal combustion materials under the terms of this Agreement, for each landfill. In addition, within 45 days of notifying the WDNR of the intent to recover coal combustion materials from a WE landfill, a pre-recovery meeting will be conducted with the WDNR and the contractor to present and enhance site specific plans for coal combustion materials recovery. The notification and meeting are not necessary for any site where recovery of materials is already allowed under an active investigation or remedial action plan approved by WDNR. Otherwise, the 45 day notification to the WDNR will include an explanation of the planned work and describe any site specific deviations from the generic plan modification or concerns that may be present, including but not limited to the following:

a. the anticipated time frame for excavation and recovery of the coal combustion material;
b. any deviations from the generic plan modification regarding the proposed methods for removal, transportation, and storage of recovered materials
c. the anticipated timing for landfill closure;
d. the proposed or anticipated ultimate fate of each landfill and how this might affect the type closure necessary;
e. any proposed site specific modifications or changes to the sampling protocol of the recovered coal combustion materials;
f. any deviations or site specific special concerns that may be present regarding how the performance standards of s. NR538.04, Wis. Adm. Code are met while excavating, storing and handling the coal combustion. material (Some of the criteria to evaluate on a site specific basis include, but may not necessarily be limited to, location to flood plains, wetlands, streams, river, lakes, wells, parks, highways, critical habitat areas, etc.)

2. WE will continue to comply with all conditions of existing plan approvals, statutes and administrative codes that are not replaced by the generic plan modification or the cooperative agreement. This includes but is not limited to proper landfill closure under s. NR504.07, Wis. Adm. Code, environmental monitoring under ch. NR507 and NR508, Wis. Adm. Code, and annual reporting under NR 538 of the locations and uses for recovered material not used as a fuel supplement, unless changes to these requirements are requested and approved by the Department in writing on a site specific basis either as part of this cooperative agreement or as part of a separate plan modification.

3. WE will also comply with all applicable fugitive dust and stormwater regulations when recovering, crushing/screening and storing materials as well as the requirements of this generic plan modification and the cooperative agreement.

4. For each landfill, WE will submit a formal ch. NR 500, Wis. Adm. Code plan modification within 180 days of completing materials recovery. The plan modification shall address closure, monitoring, and ultimate fate of the property.

5. WE will blend coal combustion materials recovered from Company landfills under the terms of this agreement with pulverized coal. The Company may burn the mixture as an alternate fuel in Boiler B20 or Boiler B21 at Pleasant Prairie Power Plant, without modifying this agreement or any existing permits, if no physical changes are made to the combustion units. All applicable emission limits and control requirements for those boilers are unchanged and shall continue to apply. The Company shall list all alternate fuels when applying for renewal of the operation permit for Pleasant Prairie Power Plant.

6. WE will continue to beneficially utilize fly ash and bottom ash created by combustion processes at Pleasant Prairie Power Plant, pursuant to the terms of the existing NR 538, Wis. Adm. Code.